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Chief, TAS

Chief, Budget Division

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1. While the re-draft of the proposed regulation and handbook on Ceiling and Position Authorization incorporates some of the minor changes recommended in the Budget Division's previous comments, the major problems have not been resolved in this latest revision. Our principal objections arise from the following points:

a. The problem of budgeting for the unproductive personnel costs, or Development Complement, without raising serious questions by the Bureau of the Budget or the Congress is still unanswered. At present, as you know, all personnel are budgeted for by organizational units in accordance with their T/O assignment, even though some of the people may be in training, pending assignment, on detail, etc. This latter group represents an overhead cost burden charged to the office on a reasonably equitable basis, but an item buried in the budget estimates and Agency accounts. The proposal to establish a Development Complement ceiling under the Head of each Career Service and charge such personnel to an allotment account of a component under such Head would mean, budget-wise, either an increase of positions and funds in the budget estimate for the immediate office of the Career Service Head, or a separate budget line item, by Career Service, identified as the Development Complement. In either case, a disclosure of the number of people unassigned, in training, etc., and the cost of carrying these people, would require lengthy explanations and strong justifications. A more serious matter, moreover, would be the vulnerability of the Agency to cut in positions and funds. The size of the total Development Complements cannot be foretold now, but the indications are that it could range from [REDACTED] people. The budget reviews by the Bureau of the Budget and Congress would raise demands that the Development Complement be cut due to its characterization as an unproductive overhead item.

b. Another point is the problem of obtaining timely decisions on budgetary ceilings and personnel adjustments under a system which assigns operating responsibility to one office, ceiling authority to another still may cause an increased need for coordination which is impracticable.

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c. We find nothing in the revision which changes the earlier indication that increased paper work will add to the burden of the Personnel and Payroll Offices of all elements. Formal personnel actions are required at all points of the procedure.

d. The proposal still runs counter to the Agency's stated purpose of developing a cost system to properly reflect all costs chargeable to an office or activity. The Development Complement costs represent Agency indirect costs that should be susceptible of distribution to beneficiary consumers or operational activities. No consideration has been given to this point.

2. The points raised above should be brought to the attention of the DD/S because if the proposed regulation and handbook are approved, he should recognize and consider the budgetary problems that will arise in adopting the procedure in its present form.

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BD/COMP/CNM/SWR/pab (24 July 1958)

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